



• EXECUTIVE REPORT •

GOVERNOR'S ARIZONA HEALTH COVERAGE POLICY SUMMIT:

BUILDING AFFORDABLE HEALTH CARE OPTIONS FOR SMALL BUSINESSES

• POLICY SUMMIT - NOVEMBER 17-18, 2006 •

SCOTTSDALE, ARIZONA

Support for this summit was provided by a grant from the Robert Wood Johnson Foundation in Princeton, New Jersey, in cooperation with St. Luke's Health Initiatives and Healthcare Group of Arizona.



EXECUTIVE REPORT

GOVERNOR'S ARIZONA HEALTH COVERAGE POLICY SUMMIT BUILDING AFFORDABLE HEALTH CARE OPTIONS FOR SMALL BUSINESSES

BACKGROUND



*January Contreras
Policy Advisor for Health
Office of Governor Napolitano*

Although the majority of Arizona residents have reasonable access to quality healthcare, many face significant barriers in obtaining health insurance coverage, primarily due to cost increases and premium fluctuations. Health insurance, traditionally provided through employers, has become more expensive, increasing in cost by 87% since 2000.

Arizona is below the national average for employer-based coverage and for small businesses offering coverage to their employees. A 2006 survey conducted in Yuma County found that 23% of businesses with fewer than 16 employees had healthcare coverage. Small businesses (<50 employees) face particular obstacles to providing healthcare coverage for their employees and their families. Without coverage, people are forced into vulnerable economic and medical conditions. Individuals without health insurance are less likely to receive needed medical attention and more likely to suffer untreated chronic diseases and die without receiving the care they need.

At the invitation of Governor Janet Napolitano, 135 representatives from small businesses, local chambers of commerce, insurance brokers, health plans, medical provider groups, governmental, academic, and advocacy organizations met at the Health Coverage Policy Summit to assess healthcare coverage strategies and discuss their relevance to Arizona. Participants were engaged for two days of interactive presentations and targeted discussions crafted to address three Summit Goals:

1. Provide business and community leaders with actionable knowledge, models, and tools to advance access to affordable care in our communities;
2. Explore in-depth, with national and local experts, coverage models being used in other states; and
3. Stimulate local stakeholders to create, lead, and participate in initiatives that make healthcare coverage a reality for all Arizona small businesses and their employees.

**SMALL BUSINESSES FACE PARTICULAR OBSTACLES
TO PROVIDING HEALTHCARE COVERAGE
FOR THEIR EMPLOYEES AND THEIR FAMILIES.**

Support for the Summit was provided by the Robert Wood Johnson Foundation (RWJF) through a State Coverage Initiative grant to Healthcare Group of Arizona through the Arizona Health Care Cost Containment System. St. Luke's Health Initiatives was the principal partner, and seventeen organizations contributed to help defray costs. Summit participants explored, and then prioritized, the menu of health coverage options itemized in Table 1. The strategies with broadest support are summarized in the Recommendations section.

**MORE THAN HALF THE SPEAKERS
TRAVELED TO ARIZONA FROM
OUTSIDE THE STATE**



***top:** Dr. Anita Murcko, HCG Medical Director, joined by Isabel Friedenzohn, Senior Associate, AcademyHealth, presented Lowell Gordon, New Mexico Human Services Development, with a speaker appreciation certificate from the Governor*
***middle:** This group of roundtable facilitators and recorders ensured the event stayed on track*
***bottom:** Kara Hattem Balliet, UPH Sponsor, receives an appreciation certificate from January Contreras*



Principal Sponsors

Robert Wood Johnson Foundation

St. Luke's Health Initiatives

Healthcare Group of Arizona

Arizona Health Care Cost Containment System

Supporting Organizations

Care1st Health Plan Arizona

Mercy Healthcare Group

University Physicians Healthcare Group

Carondelet Health Network

Health Choice

TriWest Healthcare Alliance

Virginia Piper Charitable Trust

Arizona Foundation for Medical Care

Arizona Association of Community Health Centers

NEOS Healthcare

Health Net

Principal and Consulting Actuary Milliman

Walgreens Health Initiatives

Arizona Hospital & Healthcare Association

Employers Dental Services

Sierra Vista Regional Health Center

Arizona Small Business Association



EXECUTIVE REPORT

GOVERNOR'S ARIZONA HEALTH COVERAGE POLICY SUMMIT BUILDING AFFORDABLE HEALTH CARE OPTIONS FOR SMALL BUSINESSES



Twenty-four definitions for strategies or tools to increase healthcare coverage were provided to participants. As a warm-up exercise, participants were asked to complete a survey describing their support for the initiatives early on Summit day one. The following Table identifies how Summit participants rated their support for health coverage strategies and tools.

PARTICIPANT SUPPORT FOR HEALTH COVERAGE STRATEGIES & TOOLS (TABLE 1)

STRATEGIES	SUPPORT
Public Programs & Government-based	
Premium Assistance	78%
Primary Community Care	77%
Eliminate Mandatory Coverage Gaps	73%
Safety Net	72%
Expand Public Program Eligibility	68%
State Universal Health Plan	54%
Employer and Individual Mandates	39%
Fair Share Healthcare Fund	30%
Business & Individual	
Tax Credits	74%
Consumer-focused Approaches	63%
"Three Share" Model	60%
Expand Dependent Definition	56%
Group Purchasing Arrangements	55%
Limited Benefit Plan	50%
Value-based Purchasing	
Improving Delivery Efficacy & Quality	88%
Rewarding Quality	72%
Formulary Review	65%
Hospital Tiering	57%
Cost Control	
Reinsurance	81%
Liability Reform	79%
Form /Procedure Automation	77%
Small Group Rating Reform	74%
Subrogation Provisions	71%
High Risk Pool	66%

PREMIUM ASSISTANCE

Direct government subsidies to small businesses and/or individuals to help pay premiums for low-income workers, i.e., below 200% FPL.

TAX CREDITS

Allow individuals and/or employers to use pre-tax dollars to pay for insurance premiums.

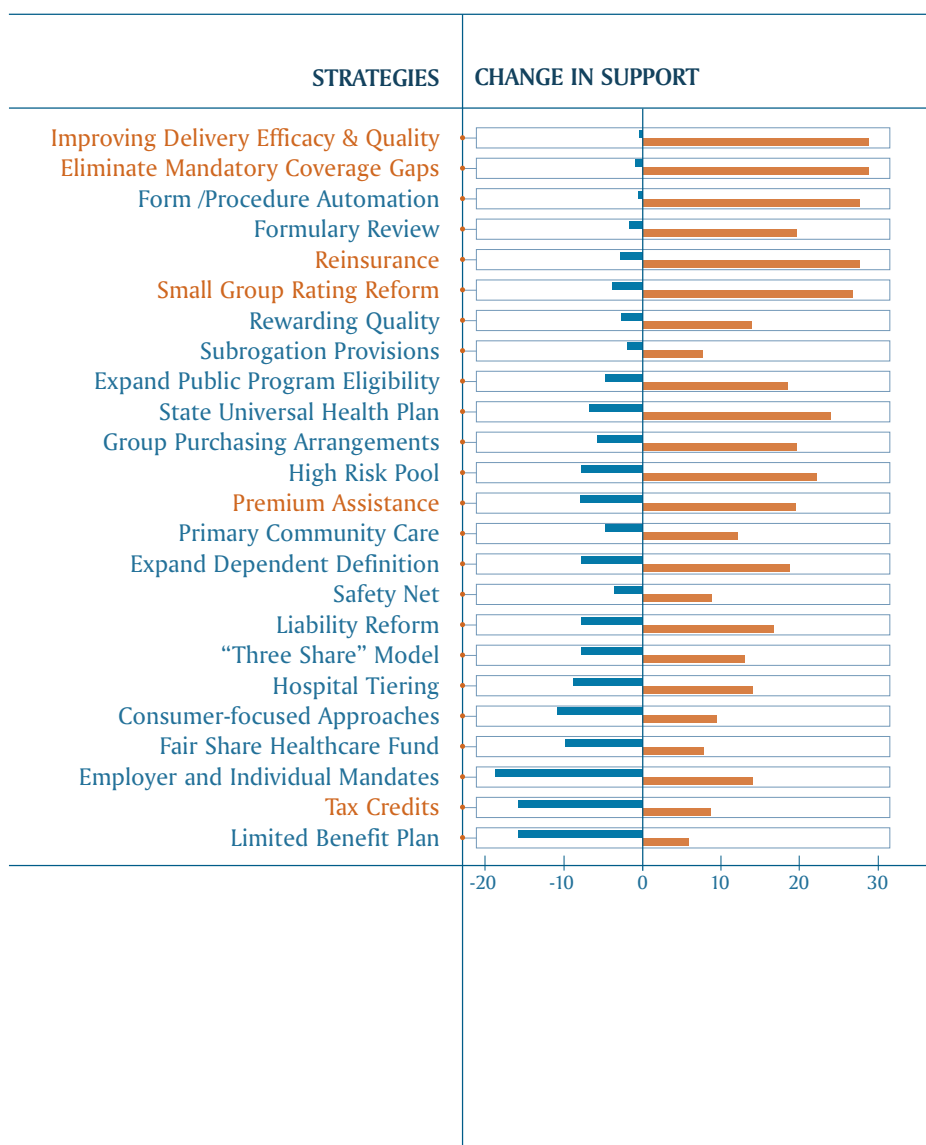
IMPROVING DELIVERY EFFICACY & QUALITY

Transition to evidence-based medical decision-making, and shift healthcare resources, e.g., from acute crisis intervention care to identifying, treating, and managing chronic conditions. Through clinical reporting systems and health plan coverage, integrate preventive and wellness services into overall care system.

After hearing from experts and discussing the strategies in roundtable sessions, participants completed a survey on the second day that asked whether their support had increased, stayed the same, or decreased compared to their opinions at the beginning of the Summit. Results indicated a statistically significant increase in support for most strategies. The tools and strategies with the greatest increase in support included: Improving Delivery Efficacy & Quality, Eliminate Mandatory Coverage Gaps, and Form/ Procedure Automation. The strategies that decreased most in support included: Limited Benefit Plans, Tax Credits, and Employer & Individual Mandates.



CHANGE IN SUPPORT FOR HEALTH COVERAGE STRATEGIES REPORTED BY INDIVIDUALS (TABLE 2)



REINSURANCE

Arrangement to buffer the high costs associated with complex medical conditions.

ELIMINATE MANDATORY COVERAGE GAPS

Eliminate mandatory prolonged period of time an individual or business must go without health insurance before qualifying for state or other health insurance programs.

SMALL GROUP RATING REFORM

Addresses adjusted community ratings (single rate applies to all small groups in the market, with very limited adjustments allowed for specified "case characteristics" such as the age of a firm's workers) and rating bands.



EXECUTIVE REPORT

GOVERNOR'S ARIZONA HEALTH COVERAGE POLICY SUMMIT BUILDING AFFORDABLE HEALTH CARE OPTIONS FOR SMALL BUSINESSES

RECOMMENDATIONS

Summit participants explored, and then prioritized, the menu of health coverage options itemized in Table 1. The strategies with broadest support are summarized below:

- 1. Improve Care Delivery Efficacy and Quality.** This strategy was identified as a centerpiece for Arizona reform which could most rapidly be achieved by employing the following tactics:
 - Support efforts to integrate **Evidence-Based Medicine (EBM)**, the “conscientious, explicit, and judicious use of current best practice in making decisions about patient care.” Policies to expand healthcare coverage for small businesses should be developed within an organized framework of enhanced quality, contained cost, and increased access. Participants recognized that EBM solutions require transparency and information availability for the clinician and consumer at the point of service, characteristics which are dependent on robust health information systems.
 - Health Information Technology (HIT)** supported by a **Health Information Exchange (HIE)** is integral. With the Governor's leadership, as manifested by the State's Health-e Connection Roadmap (www.azgita.gov) and ongoing implementation initiative, the synergies needed to implement value-based strategies are attainable. However, more information about the Roadmap should be disseminated to create greater understanding of projects underway and to accelerate electronic information exchanges.
 - Standardized and Automated** forms and processes to streamline data gathering and maintenance (e.g. health coverage application and enrollment forms, provider credentialing processes) could be implemented rapidly if undertaken through a statewide collaboration.
- 2. Share Responsibility for Premiums and Use Reinsurance.** There was significant support to explore the expansion of State-based reinsurance. Reinsurance is currently offered in 21 states, including a limited program in Arizona used by Healthcare Group. Reinsurance supports small group and individual markets by providing guarantee-issue products to high risk members (those with chronic medical conditions); premiums are reduced by shifting expenses for high-cost enrollees to a third-party. A “Three-Share” model in which employers, employees, and the community share premium costs was also viewed positively.
- 3. Expand Public Program Eligibility** by allowing public programs to cover the uninsured to 300% FPL; increasing the definition of age for children (e.g., to age 26); allowing retirees under age 65 to buy into existing programs (e.g., Medicare); allowing employees to buy into existing programs (e.g., state employee plan or AHCCCS); and adopting presumptive eligibility to increase the number of not-enrolled, eligible individuals, who receive support.
- 4. Comprehensive Reform to Achieve Universal Coverage**, accomplished by either sweeping or incremental change, received broad support. A feasibility study to both finance and address the impact of comprehensive coverage on the healthcare workforce, local economies, and on small businesses was urged. Clearer terminology and messaging around “universal coverage” is necessary as many incorrectly consider it a synonym for single-payer. Gubernatorial and bipartisan legislative leadership should aggressively evaluate strategies for funding, designing, and operating a comprehensive coverage program.
- 5. Medical Liability Reform** was identified as having an important influence on rural Arizona's lack of access to primary and specialty care services. Practitioners are leaving rural practice due to the high cost of liability premiums. Although traditional solutions have focused almost exclusively on tort reform, more innovative, systems-based solutions should be examined.



top: Attendees participated in roundtable discussions throughout the event

middle: Break time was the perfect time to network

bottom: AHCCCS Director Anthony Rodgers recognizes Dr. Anita Murcko and Veronica Venturini for their hard work in planning the Summit event

NEXT STEPS

Summit participants were optimistic about the opportunities for change in today's environment. The following actions were identified as strategies to support change:

1. Community Education, Awareness and Messaging

Develop common language, better define issues, and sustain communication through key events and common messaging.

Local Action Groups

Arizona Medical Association (www.azmedasn.org)

Arizona Public Health Association (www.azpha.org)

Children's Action Alliance (www.azchildren.org)

Cochise Uninsured Task Force
(community@ahcccs.gov)

Healthy Arizona (bduncan@peds.arizona.edu)

Pima Community Access Program (www.pcap.cc)

Southern Arizona Association of Health Underwriters
(www.nahu.org)

Yuma Uninsured Task Force
(community@ahcccs.gov)

Resources:

www.covertheuninsured.org

www.aztownhall.org

www.statecoverage.net

2. Coalition Building

Convene stakeholders throughout the State including the existing local action communities and advocacy groups that were highlighted during the Summit and through online collaboration, such as St. Luke's Health Initiative's new virtual community of practice, Arizona CAN (Coverage and Access Now).

3. Short-Term Strategies

Target the "low-hanging fruit" that received support during the Summit, such as standardizing and automating processes and forms; value-based purchasing arrangements; and "bare period" revision efforts that would expand access to Kidscare and Healthcare Group of Arizona.

Resource:

www.asba.com

4. Longer-Term Strategies

Identify mechanisms to support and actively engage in the ongoing health information technology (HIT) and health information exchange (HIE) efforts. These efforts will lead to improvements in chronic care, disease prevention, and to the quality, transparency and the efficiency that can be gained from integrating evidence-based care.

Resources:

www.azgita.gov

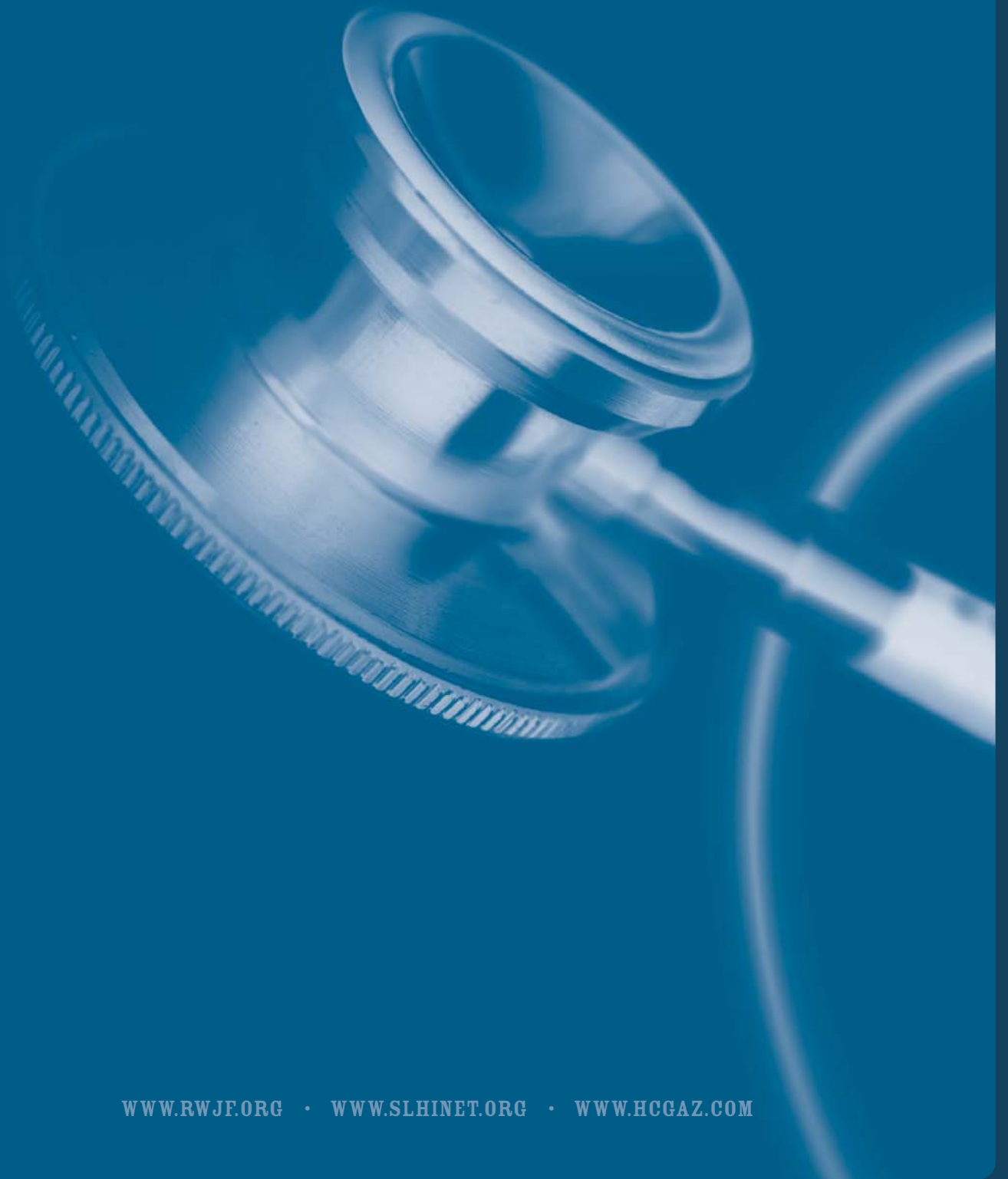
www.improvingchroniccare.org

www.hsag.com

CONCLUSION * * *

Summit participants agreed that responding to the health coverage crisis for Arizona's small businesses requires a multi-pronged transformation of our health coverage and healthcare delivery systems. Although initiated, this transformation depends on visionary leadership, compromise and information. We must commit to understanding and analyzing local, national and international models with an eye toward Arizona adaptation and application. Arizona leaders are poised to make significant strides toward the achievement of health coverage and security for all.

For Summit proceedings and related resources, please register online at www.slhinet.org/group/azlist.htm. Click on Community Name: Arizona Can.



WWW.RWJF.ORG • WWW.SLHINET.ORG • WWW.HCGAZ.COM